

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---------------------------------------|---|----------------|
| THE APPLICATION OF SPEARS WATER |) | |
| COMPANY, INC., FOR A DEVIATION FROM |) | |
| THE MINIMUM WATER STORAGE REQUIREMENT |) | CASE NO. 10145 |
| OF 807 KAR 5:066, SECTION 5(4) |) | |

O R D E R

By letter received January 22, 1988, Spears Water Company, Inc. ("Spears Water"), requested a deviation from 807 KAR 5:066, Section 5(4), which requires a water utility to provide water storage to insure one day's supply of its average daily water usage.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Spears Water currently has a water storage tank of 138,888 gallons.
2. Spears Water's average daily water usage for the 12-month period ending December 31, 1987 was 503,236 gallons. Spears Water projects that its maximum daily demand by the year 1990 will be 875,000 gallons.
3. Spears Water does not provide storage capacity to insure one day's supply of its average water usage and, therefore, does not meet the requirements of Commission regulation 807 KAR 5:066, Section 5(4).

4. None of Spears Water customers provide critical health services.

5. Spears Water has not recently experienced any significant interruptions in its services.

6. Spears Water has no large volume consuming customers who use five percent or more of Spears Water's maximum monthly purchases.

7. Spears Water has a problem at peak demand in maintaining minimum pressure in some areas.

8. Spears Water should submit to the Commission an engineering study prepared by a professional engineer registered in the Commonwealth of Kentucky and experienced in the design and operation of water distribution systems. The engineering study should include an estimate of the costs involved in obtaining a new storage facility for Spears Water. It should also include a detailed discussion of the financial effects that the funding arrangements would have on Spears Water and its customers.

9. Spears Water should be granted a deviation from 807 KAR 5:066, Section 5(4) until August 1, 1991 to proceed with the construction of additional water storage to meet Commission regulations.

10. Spears Water should take all necessary steps to increase its water storage capacity to equal or exceed its average daily usage.

IT IS THEREFORE ORDERED that:

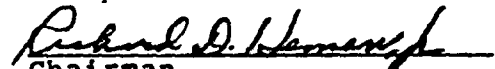
1. Spears Water be and it hereby is granted a deviation from 807 KAR 5:066, Section 5(4) until August 1, 1991.

2. Spears Water shall retain a professional engineer to conduct a comprehensive engineering study of its water storage tanks and distribution system as outlined in Finding 8 herein. Spears Water shall file a copy of the report of this study with this Commission no later than November 1, 1988.


3. Spears Water shall take all necessary actions to bring its water storage facilities into compliance with Commission regulations prior to the expiration of the deviation herein granted.

Done at Frankfort, Kentucky, this 5th day of August, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director